



Suzanne Henderson

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

"NO DRILL" OIL AND GAS MINERAL LEASE

THIS AGREEMENT made this 27th of May, 2008 between the undersigned party, **MANSFIELD INDEPENDENT SCHOOL DISTRICT** whose address is 605 E. Broad Street, Mansfield, Texas 76063 (herein called "**Lessor**") and XTO Energy, Inc, Lessee, whose address is 810 Houston Street, Forth Worth, TX 76102-6298 (herein called "**Lessee**"),

WITNESSETH:

1. **GRANTING CLAUSE.** Lessor, in consideration of Ten Dollars and Other Good and Valuable Considerations (\$10.00 & OGVC), receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes, and with the exclusive right of, exploring, drilling for, producing, treating, storing and transporting oil and gas under said land, provided that the Lessee shall not have to use the surface of said land for any purpose. The land covered hereby (herein called "**said land**" or "**leased premises**") is described as follows:

SEE EXHIBIT "A" AND EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF AS IF COPIED IN FULL HEREIN FOR LANDS COVERED HEREBY AND THE ADDITIONAL PROVISIONS.

However, this lease only grants rights from the surface to the base of the Barnett Shale formation underlying the leased premises. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 7.094 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus payment as lump sum consideration for this lease and all rights and options hereunder.

2. **PRIMARY TERM.** Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of **TWO (2)** years, ending, May 26, 2010 (hereinafter called "**primary term**"), and as long thereafter as oil or gas is produced in paying quantities from lands pooled with the leased premises.

3. **Reserved.**

4. **ROYALTIES.** The royalties to be paid by Lessee on production from said land or on lands pooled therewith are:

(a) On oil, including distillate or condensate and other liquid hydrocarbons produced and saved from said land, by ordinary production methods (herein "**oil**") **TWENTY-FIVE PERCENT (25%)** of that produced from said land, to be delivered to Lessor's credit into any pipeline to which the well or wells, or any of Lessee's tanks may be connected, all free of any cost or deductions for production, handling, transportation (including trucking charges) and delivery. Lessee will purchase or cause the purchase of all Lessor's royalty oil in Lessee's possession, paying the market price (for oil similarly

situated) prevailing for the field where produced on the date of purchase, but not in any event is such price to be less than the gross price being received by Lessee for sale of its oil. Lessee also further agrees that Lessor shall always have the right upon 30 days notice to Lessee, but shall never be obligated in any manner, to take Lessor's royalty portion in kind.

(b) The royalty on gas, including casinghead gas or other gaseous substance produced from said land, shall be as set out below. However, Lessee hereby agrees, without further notice, to market Lessor's royalty portion of the said gas so long as any part of Lessee's portion of said gas is being sold and/or marketed. Lessee further agrees that all such sales must be at a price that is fair and reasonable for the area as determined by "arm's length" negotiations, and must be at least equal to the gross amount being paid for Lessee's gas, casinghead gas, or other gaseous substances at the wellhead, unless otherwise set forth below. Lessee also further agrees that Lessor shall always have the right upon 30 days notice to Lessee, but shall never be obligated in any manner, to take Lessor's royalty portion in kind.

(1) On gas sold at the well or sold or used off said land (other than for processing at a plant as described in paragraph 4(b)(3) hereof) TWENTY-FIVE PERCENT (25%) of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations.

(2) On distillate, condensate and other products separated or extracted from gas by use of oil and gas separators or conventional type or other equipment at least as efficient, Lessor shall receive its royalty as specified in paragraph 4(a) of the distillate, condensate and other products so separated and extracted, together with a royalty on residue gas in the amount and determined as provided in paragraph 4(b)(1) of this lease, it being understood and agreed that said gas before being sold or used will be run through such separators or other equipment unless (i) the same is processed in an absorption or extraction plant, or (ii) the liquid hydrocarbon content of said gas is so small as to make the installation and operation of separators or other comparable equipment unprofitable, or (iii) the pressure of said gas is such that running the same through separators or other comparable equipment will so reduce the pressure that Lessee will be unable to sell and deliver the separated gas against existing gathering system or pipeline pressures.

(3) If gas produced from said land, is processed in any absorption, cycling, recycling or extraction plant or other plant or facility or facilities for the recovery of liquid and/or liquefiable hydrocarbons therefrom (hereinafter "**products**"), then Lessor shall receive as royalty TWENTY-FIVE PERCENT (25%) of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations for all such products so extracted or absorbed, separated or saved from or attributable to said gas, the same to be delivered to the credit of Lessor into such truck, tank, tank car, or pipeline available for such products at the tailgate of such plant, and in addition thereto, Lessor shall be paid as royalty TWENTY-FIVE PERCENT (25%) of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations for all residue gas attributable to said land, sold or used, which residue gas is understood to be the gas at the tailgate of such plant after same has been processed for the extraction of the liquid hydrocarbons therefrom.

(c) On all other minerals produced in association with the oil and gas, TWENTY-FIVE PERCENT (25%) of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations for the sale of all such minerals attributable to the leased premises.

(d) Lessor shall share in "take or pay" payments. If any gas purchase contracts, agreements or any amendments thereto entered into by Lessee for the sale or disposition of oil, gas or other products produced under this lease should contain a "take or pay" clause requiring a purchaser of oil or gas to take, or upon failing to take, to pay for the minimum annual contract volume of gas which a producer-seller has available for delivery, then any payments made by such purchaser of oil or gas under such provision, whether or not oil or gas is actually delivered, shall be subject to the payment of royalty to the Lessor as herein provided. Lessor shall have the right upon written request by Lessor to inspect all records of Lessee directly relating to this Lease, operations conducted on the lease, the sale and marketing of production from this lease, and the payment of royalties, including the right to audit Lessee's books insofar as they relate to the foregoing. Lessee shall have 60 days to provide any requested information or to schedule time for Lessor to review any of the foregoing. Any information provided to Lessor shall remain confidential during the term of this lease.

(e) Except as herein otherwise provided, Lessor's royalty shall never bear or be chargeable with, either directly or indirectly, any part of the costs or expenses of gathering, dehydration, compression, transportation, manufacturing, processing, treating, production, marketing, or depreciation of any plant or other facility or facilities or equipment for processing or treating of said oil or gas produced from said land or lands pooled therewith. It is intended that the terms of this section or paragraph of this Lease be controlling and is intended among other things to avoid the court's holding on the language addressed in *Heritage Resources, Inc. vs. NationsBank*, cited at 939 S.W.2d 118 (Tex. 1996), and not merely surplusage. In the event Lessee (or purchaser contracted by Lessee to purchase the production) fails to comply with the terms of this paragraph and does, in fact, deduct costs or expenses from the value of Lessor's production, Lessee shall reimburse Lessor as follows: (i) the full amount of such deductions made from the date first deducted, (ii) interest on such amount at an annual percentage rate equal to 12% or the maximum contract rate allowed by law, if greater, such interest to be compounded monthly, (iii) with such payments being made to Lessor within thirty (30) days after receipt by Lessee of written notification given by Lessor of such breach of this contract. Provided however, if Lessee sells production at a sales point farther away than any sales point used by other lessees or operators in the area in order to obtain a higher price for the product, then upon Lessor's prior written consent (which shall be continuing until revoked by Lessor upon 30 days written notice), the provisions of this paragraph shall not apply and Lessee may deduct:

- (i) the incremental increased costs of transportation and gathering incurred to move the product sold the additional distance to the distant sales point, and
- (ii) the incremental increased processing and treating costs required to sell the product in order to sell such product,

but only to the extent all such costs in subsection (i) and (ii) of this sentence are third party, unaffiliated, "arm's length" costs and the gathering and transportation costs do not include any gathering or transportation costs within 5 miles of the boundaries of the leased premises. Affiliate means (I) any person directly or indirectly owning, or controlling Lessee ("Owner"), or (II) any person owned, controlled by or under common control with any Owner, or (III) any officer, director, partner or sanguinal or affinal kin of any other person or any persons described in subsections (I) or (II). For the purposes of this definition, "control", when used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract, or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

(f) Lessee shall pay Lessor interest on unpaid royalty at an annual percentage rate equal to 12% or the maximum contract rate allowed by law, if greater, compounded monthly. Said interest is to be paid by Lessee from and after the due date of royalty until payment or delivery of royalty, as such is herein provided, and shall be compounded monthly. "Due date" is herein defined as 120 days after the date of the sale of first production for each well and (i) 60 days after the end of the calendar

month in which subsequent oil production is sold, or (ii) 90 days after the end of the calendar month in which subsequent gas production is sold. Acceptance by Lessor of royalties that are past due shall not act as a waiver or estoppel of Lessor's rights to receive or recover interest due thereon under the provisions hereof unless the written acceptance or acknowledgement by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due Lessor hereunder which is made or intended to be made as an offer of settlement or an accord and satisfaction by or on behalf of Lessee, or any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord and satisfaction printed or otherwise, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor. Lessee shall pay all reasonable attorneys fees incurred by Lessor in connection with any lawsuit in which Lessor is successful in recovering any royalties or interest resulting from Lessee's failure to pay royalties within the period set forth herein.

5. **SHUT-IN ROYALTIES.** If, at the expiration of the primary term or at any time or times thereafter, there is any well on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas in paying quantities, and all such wells are shut-in, Lessee may continue in force as though operations were being conducted on said land by paying shut-in royalties as provided below in this paragraph, provided that in no event shall Lessee be entitled to maintain this Lease in effect after the primary term for a cumulative period of more than 2 years. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of sixty consecutive days, and during such time there are no operations on said land, then at or before the expiration of said sixty day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to Five Thousand Dollars (\$5,000.00) per shut-in gas well. Lessee shall make like payments or tenders at or before the end of each anniversary of the shut-in of such well if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be paid directly to Lessor at the address herein, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in Paragraph 7 hereof.

6. **POOLING AND UNITIZATION.**

(a) Lessee is hereby granted the right, with Lessor's prior written consent, which consent is at Lessor's sole discretion, to pool or unitize all (but not less than all) of said land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 40 surface acres, plus 10% acreage tolerance for all vertical wells; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to horizontal wells for one or more of the following: (1) gas, other than casing head gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled,

drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule.

(b) Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit that are not effectively pooled or unitized.

(c) Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations for production attributable to said land only, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced there from under the terms of this lease.

(d) The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas.

(e) The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 7 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 6, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 6 with consequent allocation of production as herein provided. As used in this paragraph 6, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of said land.

7. **LESSEE'S RIGHT TO RELEASE.** Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to all (but not less than all) of said land or of any mineral or horizon hereunder, and thereby be relieved of all obligations as to the released acreage or interest.

8. **SEPARATE TRACTS.** The lands described on Exhibit A are separate, non-contiguous tracts and each tract shall be treated as constituting a separate lease for all purposes except the provisions of paragraphs 7, 9, 12 and 20, and neither production from nor operations on any such unit, or payment of shut-in royalties for any one unit, shall maintain this lease as to the other units.

9. **ASSIGNMENT.** The rights and estate of Lessee, and any successors or assigns, may only be assigned from time to time as to any mineral or horizon of said land with Lessor's prior written consent which shall not be unreasonably withheld. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

10. **SPECIAL WARRANTY OF TITLE.** Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever lawfully claiming the same or any part thereof by through or under Lessor but not otherwise.

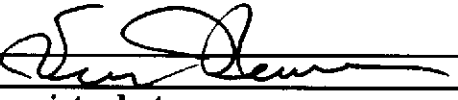
11. **PROPORTIONATE REDUCTION FOR LESS THAN FULL INTEREST.** If this lease covers a less interest in the oil or gas, in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided.

12. **EXTENSION OF PRIMARY TERM FOR FORCE MAJEURE.** If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 4 hereof, and Lessee is not conducting operations on land pooled with the leased premises by reason of (a) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (b) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, it is agreed that upon Lessee's giving of written notice to Lessor describing in reasonable detail the reason such operations are not being conducted, the primary hereof shall be extended during the continuance of such inability so caused, but for no longer, and this lease may be extended thereafter by operations as if such delay had not occurred; provided, however, that (a) nothing herein contained shall be construed to suspend or delay the time for the payment of shut-in gas well royalties or other payments under this lease and (b) Lessee shall be entitled to maintain this lease after the expiration of the primary term by the provisions in this paragraph for a cumulative total of only two (2) years.

IN WITNESS WHEREOF, this instrument is executed and effective on the date first written. This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes. It shall be binding on the parties who execute same, regardless of whether or not executed by all parties named herein.

LESSOR

Mansfield Independent School District

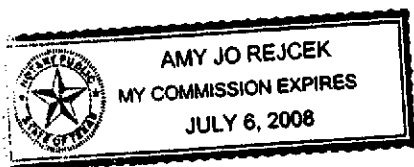
X 
Superintendent

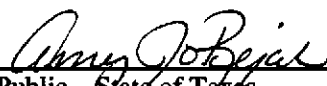
STATE OF TEXAS §

COUNTY OF TARRANT §

This instrument was acknowledged before me on the __27th__ day of May, 2008

By Vernon Newsom, as Superintendent and on behalf of the
Mansfield Independent School District




Notary Public - State of Texas

LESSEE

XTO Energy, Inc.

By: Edwin S. Ryan, Jr. its general partner

Sr. Vice President - Land Administration

X _____

Title: _____

bx pb

STATE OF TEXAS

§

COUNTY OF TARRANT

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This instrument was acknowledged before me on the 9th day of July, 2008, by Edwin S. Ryan, Jr., acting as the general partner of XTO Energy, Inc., on behalf of said corporation acting as general partner of such limited partnership and on behalf of said limited partnership



Deborah G. Pearson
Notary Public - State of Texas

Exhibit A – Spurlin Property Listing

- 1. Vacant land** – 7.094 acres of land located in the JEROME LYNN SURVEY, ABSTRACT NO. 972, Tarrant County, Texas as conveyed to MISD by Marion George Spurlin by Special Warranty Deed dated October 8, 2002, recorded in Volume 16058, Page 136.

Should you need to review the metes and bounds description of properties they are available at the Administration Building at 605 E. Broad Street Mansfield, Texas, in the office of the Associate Superintendent for Business.

EXHIBIT "B"

ATTACHED TO AND BY REFERENCE MADE A PART OF THAT OIL, GAS AND MINERAL LEASE DATED May 27, 2008 BETWEEN, MANSFIELD INDEPENDENT SCHOOL DISTRICT, LESSOR, AND __XTO Energy, Inc. ,LESSEE.

ADDITIONAL PROVISIONS

13. **No Surface Use.** Lessee agrees that it shall not have any right to use the surface of Lessor's land for any purposes, including without limitation, for the drilling, exploring, producing, treating, storing, or transporting oil or gas. Without limitation of the foregoing, Lessee agrees that it shall not have the right to place pipelines on or under the leased premises without Lessor's prior written consent. If such consent is granted, such pipeline must be bored under said property without using the surface and shall be buried 3 feet.

14. **Lessor to Receive Title Information.** Lessee agrees to provide Lessor all title information prepared by Lessee or for the benefit of the Lessee for the purpose of rendering Drilling and Division Order Title Opinions on the lands covered hereby. Lessee also agrees to provide Lessor copies of said opinions.

15. **Delay Due to Governmental Permits.** In the event any governmental agency withholds or fails to issue, any or all permits and/or approvals necessary for Lessee to timely commence drilling operations upon all or part of the lands covered by this Lease, or lands pooled therewith, the primary term and/or drilling commitment contained in this Lease, as the case may be, shall be extended until sixty (60) days from the date such permits and/or approvals are issued by the governmental agency, but not more than one (1) year from the expiration of the original primary term as stated in this Lease.

16. **Indemnification of Lessor.** Lessee agrees to indemnify and hold Lessor harmless against any and all actions, claims, losses, demands, causes of action, expenses, costs and damages of every kind or character to persons or property, whether owned or suffered by Lessor, its agents, contractors and employees or third parties, arising out of, or in any way connected with Lessee's operations under and beneath said land covered by this lease. **THE INDEMNIFICATION PROVIDED FOR IN THIS SECTION SHALL BE APPLICABLE WHETHER OR NOT THE ACTIONS, CLAIMS, LOSSES, DEMANDS, CAUSES OF ACTION, EXPENSES, COSTS, AND DAMAGES IN QUESTION AROSE SOLELY OR IN PART FROM (i) THE ACTIVE, PASSIVE OR CONCURRENT NEGLIGENCE, OR OTHER FAULT OF LESSOR OR (ii) ANY ACTION THAT SUBJECTS LESSOR TO CLAIMS PREMISED IN WHOLE OR IN PART IN STRICT LIABILITY, PROVIDED THAT LESSOR SHALL NOT BE INDEMNIFIED FROM ANY CLAIMS, LOSSES, COSTS, EXPENSES, AND DAMAGES TO THE EXTENT ATTRIBUTABLE TO LESSOR'S GROSS NEGLIGENCE OR WILFUL MISCONDUCT.** Upon written request by Lessor, Lessee shall cause Lessee's insurance provider to furnish a certificate stating that there is in force liability or umbrella insurance policies totaling in the aggregate an amount of the greater of Ten Million Dollars (\$10,000,000) or an increased amount as needed for adequate coverage of the potential liabilities under this lease. Such insurance shall (a) include blanket contractual liability insurance insuring the indemnity obligations under this lease; (b) name Lessor as an additional insured; and (c) cover all liabilities hereunder without regard to any fault or negligence of the additional insured. Lessee shall ensure that all subcontractors, agents or affiliates of Lessee have adequate insurance coverage for potential liabilities that might arise under this lease.

17. **Retained Acreage and Lessee's Duty to Record a Release.** After the expiration of the primary term hereof, this lease shall terminate for all depths below 100 feet below the stratigraphic equivalent of the deepest commercially producing perforations at which a well is then completed as a well capable of producing oil and/or gas in paying quantities on land pooled with the leased premises, or at the base of the Barnett Shale formation, if shallower. Upon expiration or termination of this lease for any reason, Lessee shall be obligated at its expense to promptly prepare, execute and file on public record in the county where said land are located an appropriate release instrument covering such land, and to forward a copy of same as so recorded to Lessor.

18. **Conflicts in Lease.** It is agreed that these additional provisions on Exhibit B shall supersede any other provision in the above lease to the extent there be any conflict between them.

19. **Prudent Operator.** Lessee shall have the duty to Lessee at act as a prudent operator in all respect in connection with this lease, including without limitation, the development, operation, production, and marketing of oil and gas and the payment of royalties. The production of any one mineral will not relieve Lessee of its obligation to develop and produce any other minerals covered by this Lease, which can be produced from the lands in paying quantities. Lessee hereby agrees that without the prior written consent of Lessor, all gas wells drilled hereunder shall be drilled as horizontal wells in the same manner as other prudent operations in the area.

20. **Continuous Drilling.** In the event Lessee drills a well during the primary term, or any extension thereof, then at the end of said primary term, this Lease shall be extended for a period of 120 days after the Completion (defined below) of the last well. If Lessee commences drilling operations on a well within said 120-day period, this lease shall remain in full force and effect as to all of the leased premises so long as (a) Lessee continues to conduct drilling operations for one or more additional wells on land pooled with the leased premises continues a drilling program allowing no more than 120 days to lapse between the Completion of one well and commencement of drilling operations on the next well, and (b) all drilling operations for each well are continuously conducted without cessation of more than 60 cumulative days. "Completion" shall be regardless of whether such well was completed as a well capable of producing in paying quantities and, for purposes of this section, shall mean the date of the Gas Well Back Pressure Test or Oil Well Potential Test upon such well, and the date of such test indicated by Lessee on the pertinent completion report filed at the Railroad Commission of Texas or its successor regulatory authority shall be considered the correct date of such test. Such test shall commence no later than sixty (60) days after the master valve or similar device is installed upon the well. If Lessee drills a dry hole, "Completion" shall mean the date the well was plugged as indicated by Lessee in the plugging record filed with at the Railroad Commission of Texas or its successor regulatory authority. "Drilling operations" shall mean the physical engagement of Lessee in the actual drilling of a well, or the actual performance of other operations on the lands, in each case for the purpose of establishing the production of oil or gas. No other activity will be considered as or deemed to be "drilling operations", as that term is used herein. "Commences drilling operations" shall occur only if and when a derrick, rig and machinery capable of drilling to the objective depth have been erected, such well has been spudded in and actual drilling has commenced, and the earth is being disturbed by such drilling. If Lessor fails to meet any of the Continuous Drilling Operations, this lease shall automatically terminate as to all of the leased premises not included in a pooled unit on which there is a well producing in paying quantities at the time of such termination.

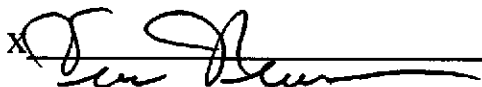
21. **Well Waiting To Be Fraced.** Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.

22. **Surface.** As a result of land development in the vicinity of the lease premises, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surfaces locations(s) for drilling, reworking or other operations. Therefore, since drilling, reworking or other operations are either restricted or not allowed on the lease premises or other leases in the vicinity, it is agreed that any such operations conducted at a surface location off of the lease premises or off of lands with which the lease premises are pooled in accordance with this lease, shall for purposes of this lease be deemed operations conducted on the leased premises so long as such operations are solely associated with a directional well for the purpose of drilling, reworking, producing or other operations under the lease premises or lands pooled therewith, and comply with the terms of this lease as if such operations were performed on said lands. Nothing contained in this paragraph is intended to modify any surface restrictions or pooling provisions or restrictions contained in this lease, except as expressly stated.

23. **Setback.** Lessee hereby agrees that all drilling operations, well surface locations or any equipment relating to the drilling, producing, treating or transportation of production related hereto ("Surface Property") shall be placed in compliance with any rules, regulations or recommendations ("Rules") imposed by any court, board, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) ("Governmental Unit") whether now or hereafter in existence having jurisdiction over the lands covered by this lease, and if no such Governmental Unit or Rules exist, then all such Surface Property shall not be placed within 600 feet of any school buildings or structures,, and if vacant land then property line, on the lands covered by this lease.


SIGNED FOR IDENTIFICATION:

Mansfield Independent School District

X 

Superintendent

XTO Energy Inc.



Sr. Vice President - Land Administration ~~general partner~~ BA PV

X
Name: Edwin S. Ryan, Jr
Title: Sr. VP - Land Administration